

Cutting Edge Virtual Business Tool

By Ramsey Alwin

Jobs paying a decent wage within a reasonable driving distance are not always easy to come by in five largely rural counties of Wisconsin - Marquette, Outagamie, Portage, Waupaca and Waushara. In response to this dilemma, CAP Services, Inc. of Stevens Point, Wisconsin has developed an innovative micro-enterprise program for low-income people.

CAP Services started its micro-enterprise program back in 1988. Initially, CAP had to aggressively advertise and encourage low-income people to enroll in the program because many thought it would be impossible to start their own business. Today, ironically, the agency finds itself having to be selective to ensure that participants have commitment and a sound idea.

CAP's business assistance program is open to individuals and families with incomes ranging from \$12,500 to \$25,000 (at or below 150 percent of the federal poverty guidelines). Business owners who do not meet the income guidelines can receive assistance from the program if they commit to hiring low-income workers.

Amy Markowski, assistant director of the agency's Jobs and Business Development Program, helps clients work through a 65-page "fill in the blank" business plan workbook that requires them to crunch numbers, make detailed forecasts and scrutinize the viability of their ideas. The workbook is so comprehensive, however, that most banks in CAP's service area will accept a completed workbook as the participant's actual business plan.

CAP's Program has been a huge success. In the past five years, CAP has facilitated the start-up of 130 new businesses that employ 331 people. According to CAP 67 percent of the businesses it has helped start since 1988 are still operating. This compares to a Small Business Administration study that found a 20 percent success rate for all businesses after five years. A study by the Economic Opportunities Program of the Aspen Institute, a think tank based in Aspen, Colorado, found that 49 percent of micro-enterprise businesses that received technical assistance were still going after five years.

Virtual Phase I

The staggering success of CAP's program has created a new dilemma. Providing continual support during the critical 3rd and 4th year after start-up. While there are many reasons for this stress, one common factor is that after a micro-business reaches the 3rd year, it begins to expand and add staff. It is at that point that things begin to change. Many of these businesses return to CAP for assistance in addressing these new problems. As a result, several years ago CAP found itself with a cumbersome number of clients returning for support while it was trying to work with new clients to meet funding source requirements to stimulate new business and job creation requirements.

The solution ultimately developed by CAP to address this situation, was an online Virtual Business Incubator, www.virtualincubate.com, a Web site providing technical advice, referrals for professional services and other business information.

The Virtual Business Incubator was developed in 1998 as a Web site to provide the information and resources needed by those starting or maintaining a small business. A \$151,000 grant from the federal Office of Community Services paid for the development and operating costs of the Web site for the first three years of the project. In addition, about \$20,000 of CSBG funds were used for staff time needed to develop the project, build the partnerships and mobilize the resources needed.

One unique aspect of the "Virtual Incubator" web site is the tenants, i.e. partners, willing to supply the site with relevant and up-to-date information on their area of expertise. Several area corporations were extremely receptive. They include M&I Bank; Sentry Insurance; Anderson, Shannon, O'Brien, Rice & Bertz, a law firm; and Clifton Gunderson, L.L.C., an accounting firm. Each of these partners provides up-to-date, accurate information and services via the Virtual Business Incubator (VBI) at no cost and updates the information annually.

According to site manager Heidi O'Brien, the Web site can help someone decide whether to incorporate, determine how to market a business, find out what financial forms are needed before seeking a bank loan or identify where to go to answer tax questions.

But how do these low-income micro-business owners get on the Internet you ask? CAP Services, Inc. uses some of its OCS grant to provide interest free loans to low-income micro-business owners to purchase a computer with a modem and a printer. Once the computer is purchased, CAP provides enough computer training so that the micro-business owner is able to access the Internet and use the VBI.

The computer purchasing aspect of CAP's program has been so successful that it now offers the loan program to participants in Wisconsin's nine other community action agencies that have micro-business programs. When the loans are paid back the money is rolled over and used to make another new loan.

Web site use has increased steadily since it debuted late last fall. It is consistently used by more than 750 people each month. The Web site has been marketed statewide and CAP hopes to begin nationwide marketing by the end of 2001.

The Web site is also accessible through computers at the Wisconsin Department of Workforce Development's job centers that are located throughout the state.

Participants at the other nine Wisconsin community action agencies that have self-employment programs, including the Social Development Commission of Milwaukee, have also been regular users.

Virtual Phase II

CAP Services, however, doesn't stop there.

The latest phase of the VBI has been the creation of a Web-based program called the "entrepreneur's exchange." These are weekly on-line chat sessions with experts in marketing, banking, accounting, as well as a host of other business issues. These sessions can be "audited" by anyone but only participants in a community action micro-enterprise program or participants who are receiving services through the Wisconsin Department of Workforce Development, are

able to ask questions during the chat session. CAP is hoping to expand active participation in the chats later this spring by providing access to members of the National Congress for Community Economic Development (NCCED) micro-enterprise program participants.

Eventually, the program intends to help its micro-business clients who have retail products pursue electronic commerce. In addition to providing information about e-commerce for small businesses on the Web site, CAP Services, Inc. plans to create a "virtual mall" that would feature products sold by the companies the agency has helped create.

CAP also plans to offer seminars for low-income entrepreneurs who want to establish a Web presence or pursue business-to-business Internet sales.

Heidi O'Brien, Technology Projects Coordinator for CAP Services, Inc. said CAP will continue to seek new ways to use technology to help low-income people become financially successful rather than remain stuck in poor-paying jobs with little future.

"We have to find a better way to bring these resources to people," O'Brien said. And for now the Internet seems to be the most efficient tool in working toward completing this goal.

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